

~~SECRET~~

COPY NO. 15

OCI NO. 0136

CONFIDENTIAL

24 September 1954

CD/ED

CURRENT INTELLIGENCE WEEKLY



DOCUMENT NO. 22
NO CHANGE IN CLASS. 13
DECLASSIFIED
CLASS. CHANGED TO: 1S S
NEXT REVIEW DATE: 01/85
AUTH. 7-25-79
DATE: 7-25-79 REVIEWER:

25X1

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

~~SECRET~~

25X1

DIA and DOS review(s) completed.

CONFIDENTIAL

THIS MATERIAL CONTAINS INFORMATION AFFECT-
ING THE NATIONAL DEFENSE OF THE UNITED STATES
WITHIN THE MEANING OF THE ESPIONAGE LAWS,
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-
SION OR REVELATION OF WHICH IN ANY MANNER TO
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly has been prepared prima-
rily for the internal use of the Central Intelligence Agency.
It does not represent a complete coverage of all current
situations. Comments and conclusions represent the im-
mediate appraisal of the Office of Current Intelligence.

~~SECRET~~~~CONFIDENTIAL~~

SUMMARY OF CONTENTS

THE SOVIET WORLD Page 4

FRENCH INTENTIONS REGARDING GERMAN REARMAMENT Page 5

Eden's tour of European capitals has resulted in general agreement on the NATO and Brussels Treaty formulae for solving the German problem, which will be discussed in London beginning 28 September. Uncertainty as to Premier Mendes-France's real intentions and as to his ability to secure National Assembly approval for West German "sovereignty" and rearmament obscures the French attitude which is the key to the success of the nine-power conference.

THE SOVIET STRATEGY AGAINST GERMAN REARMAMENT Page 8

The Soviet Union has opened a new campaign against German rearmament. The campaign is not expected to incorporate significant concessions, but to rely heavily on proposals for negotiations and on attempts to breed disunity in Western Europe.

PROSPECTS IMPROVING FOR BRITISH LABOR PARTY UNITY . . Page 12

The British Labor Party conference beginning on 27 September will probably show that, except on the German problem, there is more unity within the party now on foreign policy issues than at any time since 1945. Clement Attlee's prestige has increased recently, and Aneurin Bevan's personal prospects are bleaker than ever. Since there is, moreover, no serious conflict in Labor's ranks on domestic issues, the Conservatives' enthusiasm for an early general election may be lessening.

24 Sept 54

CURRENT INTELLIGENCE WEEKLY

Page 2

~~SECRET~~~~CONFIDENTIAL~~

25X1

~~SECRET~~

ISRAEL FIGHTS AMERICAN MIDDLE EAST POLICY Page 14

Israel has been so disturbed by current American policy aimed at building Middle East security that it has launched a political, diplomatic and propaganda campaign to frustrate and radically alter that policy--even at the risk of renewing hostilities with the Arab states.

SPECIAL ARTICLE. PROBABLE SOVIET TACTICS IN THE
NINTH UN GENERAL ASSEMBLY Page 16

With the agreements of the Geneva conference and wider Soviet participation in UN agencies as a backdrop, the Soviet delegation has found a favorable atmosphere in the newly opened General Assembly for developing its tactics aimed at dividing the non-Communist powers, isolating the United States, and stimulating neutralist sentiment.

~~SECRET~~

SECRET**THE SOVIET WORLD**

Last week the Soviet Union continued its policy of encouraging Far Eastern countries and India to draw closer to the USSR and cut down their contacts with the United States. Sustaining the campaign aimed at Japan, Foreign Minister Molotov replied to a series of questions from a Japanese editor that the "time was ripe" for normalizing relations and held out prospects for an expansion of economic and cultural relations. Molotov gave no indication, however, that Moscow had any serious intention to negotiate a Japanese peace treaty. The Japanese Peace Committee made public on 14 September a note from the Soviet Peace Committee stating that Moscow would re-examine the cases of Japanese war criminals held in the USSR.

The USSR's interest in using economic assistance to increase its influence in India is manifested in a recent offer to construct a steel mill for India. Moscow allegedly would furnish technicians and equipment on attractive terms. The significance of the offer is enhanced by the fact that the Satellites and the Chinese continue to need such equipment.

These gestures also reflect the Soviet intention to play an active role in the Far Eastern Communist program, rather than to allow the Chinese to appear as the dominant authority in the area. The Soviet Foreign Ministry's statement against the Manila pact, issued before any comparable official Chinese reaction, seemed also to be an affirmation of Soviet leadership. A Soviet request early in June for an invitation to the contemplated Djakarta conference is additional evidence that Moscow is making a special effort to participate fully in Asian matters.

The USSR is marshaling its auxiliary forces to strengthen its efforts to create Western disunity and paralyze action on the issue of German rearmament. The Bureau of the World Peace Council met on short notice from 13 to 15 September and issued a press statement calling for four-power negotiations on Germany and demanding that Germany not be rearmed. Plans for a council session in November include discussion of European security, followed by other pro-Communist themes on Asia, Latin America and mass destruction weapons.

SECRET

SECRET**FRENCH INTENTIONS REGARDING GERMAN REARMAMENT**

Eden's tour of European capitals has resulted in general agreement on the NATO and Brussels Treaty formulae for solving the German problem, which will be discussed in London beginning 23 September. Uncertainty as to Premier Mendes-France's real intentions and as to his ability to secure National Assembly approval for West German "sovereignty" and rearmament obscures the French attitude, which is the key to the success of the nine-power conference.

Except in Paris, Eden received unreserved support for his proposals to admit West Germany to NATO and to revise the Brussels Treaty of 1948 and expand its membership to include Italy, West Germany, and possibly Norway and Denmark.

New concessions have been made by each of the three major European powers. Chancellor Adenauer is willing to impose limitations voluntarily on German rearmament so long as they are not obviously discriminatory. Mendes-France has agreed, reluctantly, that German membership in NATO is necessary. Britain has offered to commit a specific number of troops on the Continent for a definite period of time under the revised Brussels Pact.

On the other hand, there is almost universal distrust of Mendes-France's intentions, and a widespread disposition to override French fears of Germany. Belgian spokesmen have indicated that, for the first time in more than a century, their country would support Germany rather than France. Italy may be willing to join in rearming Germany without French concurrence if Britain is firmly committed to continental defense. Should the French insist on unacceptable conditions at London, they may find themselves isolated as at the Brussels meeting in August.

The principal topics at London will be the type of controls and whether they are to be imposed and administered through NATO or through a revised Brussels Treaty with an organization set up for this purpose. Mendes-France apparently sees the impending discussions primarily as the search for a formula which will satisfy the desires of various elements within the French assembly.

He has told American officials that the Brussels Pact plan would have to be presented to the National Assembly as

SECRET

SECRET

an EDC alternative having the advantage of British participation while avoiding both an independent Wehrmacht and the supranational aspects of EDC. Though he promised Eden that the Brussels Pact plan and Bonn membership in NATO would be presented to the assembly together, he has since publicly implied that the latter would be somewhat delayed. The attack on German NATO membership made at Strasbourg on 20 September by the president of the Popular Republican Party will probably strengthen Mendes-France's inclination to delay. Moreover, the premier's own address before the Council of Europe on the same day indicates that an over-all German settlement must include an agreement on the Saar.

The premier's major concern is still his economic program, and he is more interested in eliminating other problems which might imperil this than in seeking the best solution to these problems. Moreover, his public statement that European defense would be "unthinkable" without France indicates his willingness to accept the view of his most influential adviser, Georges Boris, that there is no danger of an American withdrawal from Europe. Though he has supported Western solidarity in rejecting Soviet overtures for East-West talks on Germany up to now, he appears hopeful that the USSR will present a new proposal with enough promise to allow him to insist on new four-power negotiations before approving German rearmament.

It is questionable whether the present temper of the French assembly will permit agreement on a solution of the German problem. While there is still presumably a majority of deputies resigned to some form of German rearmament, it is badly divided. The pro-EDC forces are split among last-ditch supporters who reject any substitute, political opportunists eager to use the issue to overthrow Mendes-France, and moderates who accept the necessity for a compromise. Spokesmen for the Gaullists and the Socialists have demanded another attempt at four-power talks before a decision is taken on German rearmament. These two groups have been the mainstays of the premier's majority to date.

Mendes-France's opposition is still disorganized. Pro-EDC Socialist leader Guy Mollet and his Radical Socialist counterpart Rene Mayer have been reluctant to associate themselves too closely with the Independent leaders Reynaud, Laniel and Pinay, who have taken the initiative in organizing this opposition. Mollet and Mayer are motivated largely by their desire to overcome party disunity which resulted from the EDC split. The Mendes-France government is becoming more dependent on Socialist support, and therein lies the premier's

SECRET

~~SECRET~~

dilemma: he must seek an agreement on German rearmament which will satisfy Socialist insistence on an adequate mechanism for international control, or agree with Socialist leader Jules Moch that any form of German rearmament must be rejected.

The premier's opponents are considering attempts to force elections now rather than wait until mid-1956 when the assembly's current five-year term ends. There will be little time after the assembly reconvenes on 3 November, however, to take advantage of the constitutional provision permitting a government to dissolve the assembly if two cabinets are overthrown by an absolute majority within an 18-month period. Such a period expires on 21 November, and even if Mendes-France were defeated, it is unlikely that he would dissolve the assembly. In any event, there is no assurance that a successor would be able to win assembly acceptance of a more liberal program for German rearmament.

~~SECRET~~

SECRET**THE SOVIET STRATEGY AGAINST GERMAN REARMAMENT**

With the ashes of EDC barely cold, the trumpets of Soviet propaganda have sounded the start of a new campaign against any formula for rearming Germany and admitting it into the Western defense system. This campaign is not expected to incorporate any significant Soviet concessions, but to rely heavily on specious proposals for negotiations and on attempts to breed disunity and suspicion in Western Europe.

The Soviet Foreign Ministry declared on 9 September that rearmament of West Germany would increase the danger of war, destroy France as a great power, and crush the chances for negotiating outstanding issues, particularly German unity. This statement contained no new proposal for settling any unresolved problem, but it highlighted the three issues which will be pressed for negotiation: Germany, European security, and disarmament.

In its notes of 24 July and 4 August the USSR had already proposed new negotiations on Germany and European security, but no substantial Soviet concession on the basic issues involved in unifying Germany seems possible.

Moscow continues to demand German neutralization; it cannot risk the alliance of a united Germany with the West, nor can it accept the Western formula for free German elections, under which it would lose all of Germany. Recent propaganda hints of a modified Soviet position on the international supervision of elections touch only on the form and not the substance of the question.

While many West Germans would accept unity with neutrality, they will not forego their insistence on genuinely free elections and Bonn political leaders firmly oppose neutrality. The French are predisposed to favor German neutralization, and--although they are not likely to break Western solidarity on the issue of free elections--they may be susceptible to some Soviet "compromise" formula designed to clear the way for talks on Germany.

The Kremlin still seems to believe that its plan for an all-European security system should eventually have a wide appeal in Western Europe, and propaganda continues to feature it as the main alternative to German rearmament. This plan might be supplemented by a series of Satellite offers to France and other Western European countries, such as the Polish offer of an alliance to France.

24 Sept 54

CURRENT INTELLIGENCE WEEKLY

Page 8

SECRET

~~SECRET~~

Such Orbit proposals could have a nuisance value that the French government could not completely ignore, in spite of repeated affirmations by the French premier that France must retain its close ties with the West. Another issue ripe for Soviet exploitation is disarmament. This has particular appeal to those French circles which hope that German rearmament can be blocked through general disarmament negotiations.

The Soviet government is relying on several other plans for creating division in the West. It has made a few cautious moves toward developing contacts with Bonn, primarily in the form of statements like Malenkov's in June supporting closer economic and cultural ties between the two countries. East Germany has been making persistent efforts to lure the West Germans into conferences and committees, at all levels, official and unofficial, as steppingstones toward German unity. There is considerable sentiment in West Germany for ties with Orbit countries, but Adenauer will continue to quell such moves until the present impasse over rearmament and sovereignty is resolved.

Moscow's recent attempt to discredit British Labor Party leader Attlee while supporting the Bevanite campaign against German rearmament is calculated to influence the pending Labor Party conference decision on that issue, and thereby weaken the British pressure for German inclusion in Western defense.

While the anti-EDC drive has recently concentrated primarily on France, the new campaign will be wider and more complex, an attempt to court elements in Paris, Bonn, and London at the same time without disenchanting any of them. Although the immediate effect on most West European governments may be small, the campaign will gain momentum and become more dangerous if Western defense plans are long delayed.

~~SECRET~~

Next 1 Page(s) In Document Exempt

SECRET**PROSPECTS IMPROVING FOR BRITISH LABOR PARTY UNITY**

The British Labor Party conference beginning on 27 September will probably show that, except on the German problem, there is more unity within the party now on foreign policy issues than at any time since 1945. Clement Attlee's prestige has increased recently, and Aneurin Bevan's personal prospects are bleaker than ever. Since there is, moreover, no serious conflict in Labor's ranks on domestic issues, the Conservatives' enthusiasm for an early general election may be lessening.

A large majority of the resolutions on the conference agenda are concerned with foreign affairs. It is only on the question of German rearmament, however, that the official Labor policy is in serious dispute. The Bevanites have led the fight against rearming Germany, but the narrow margin of victory for a resolution endorsing a German defense contribution at the predominantly right-wing Trades Union Congress earlier in September revealed that opposition is not confined to left-wing elements. Labor leaders will have to cater to this sentiment at the conference, which will coincide with the nine-power meeting in London to discuss the German problem. In order to avoid a showdown on the issue, the party leadership will probably attach new conditions to endorsement of any EDC alternative. The Labor leaders may even call for another Big-Four meeting.

On other foreign policy issues, the Laborites strongly support the Conservative government. There was enthusiastic approval of Britain's role during the Geneva conference, and Labor endorses the relaxation of East-West trade controls and efforts to promote closer diplomatic and cultural relations with the Soviet Union and Communist China.

Even in areas where differences with Conservative policy have been most acute, Labor criticism has been muted. Since the limited nature of the Southeast Asian defense arrangements became known, the Labor Party has paid little attention to the Manila pact. Even Bevan was noncommittal about it during his Far Eastern trip. Because of Labor's general satisfaction with Britain's "independent" approach to international affairs, charges of Conservative subservience to Washington have subsided, and last year's attacks on the United States are not likely to recur. The official Labor Party colonial

SECRET

~~SECRET~~

policy statement issued in August was couched in such vague ideological terms that a sharp debate at the conference seems improbable.

There is no serious challenge to the present moderate Labor Party leadership. In contrast to last year's conference where Attlee was criticized sharply for not countering Bevan's attacks, he may even achieve a personal triumph. The former prime minister's prestige has grown steadily since his effective performance during the House of Commons debate on the H-bomb last April. Despite some criticism of the timing of the Labor Party delegation's trip to Moscow and Peiping, all segments of the party have praised Attlee for his role in this venture.

Bevan has, by contrast, suffered serious personal defeats. He has already admitted that former chancellor of the exchequer Gaitskell will defeat him for the post of party treasurer. Moreover, by entering this race, he yielded his safe seat on the National Executive Committee as a representative of the local party organization. Influential trade union leaders dislike and distrust Bevan as much as ever. His performance during the last parliamentary session, which culminated with his resignation from the Parliamentary Labor Party Committee, has evidently alienated some of his own followers.

Differences over socialist domestic programs are not likely to receive much attention at the conference. Rank-and-file members are not stirred by left-wing blueprints for future economic planning and nationalization, and the rising cost of living offers the only ready target in this area.

Should the conference reveal a resurgence of popular support for the present Labor Party leaders and their policies, the Conservatives will be increasingly disturbed by the uncertainty about Churchill's personal plans for the future. Those Conservatives who have been urging an early election in order to capitalize on Labor disunity may be becoming somewhat less confident, particularly since a public opinion survey in August showed Labor leading the Conservative Party by five percent.

~~SECRET~~

SECRET**ISRAEL FIGHTS AMERICAN MIDDLE EAST POLICY**

Israel has been so disturbed by current American policy aimed at building Middle East security that it has launched a political, diplomatic and propaganda campaign to frustrate and radically alter that policy--even at the risk of renewing hostilities with the Arab states.

Israeli prime minister Sharett and other officials publicly maintain that American military aid to Iraq, the Suez settlement, and the possibility of arms being supplied to Egypt are changing the balance of power in the Middle East by increasing the political and military strength of the Arab states to Israel's distinct disadvantage.

American policy, Sharett publicly declared on 30 August, "disturbs us and makes us resentful and calls for our protest in increasing measure." Israeli ambassador Abba Eban spoke to Secretary Dulles of the "mood of apprehension and concern" that this policy has generated. A Foreign Ministry official told American chargé Russell in Tel Aviv that "a feeling of insecurity is increasingly gripping the country."

This mood has been growing as a result of the American government efforts in the past two years to win Arab cooperation in building Middle East defenses. It has been frequently manifested in opposition to American policies aimed at improving Arab-Israeli relations. Currently this opposition has become a campaign which hit a high point on 1 September when the Israeli parliament passed a resolution expressing "deep concern" over the policy of arming the Arab states, unwillingness to "reconcile itself" to this tendency, and confidence that the "masses of Jewish people throughout the world" will support Israel in its struggle.

Before this, Eban had twice approached Secretary Dulles with a request for military aid, a defensive alliance and the lifting of the Suez blockade. After a trip to Israel, Eban again discussed the situation with the Secretary and protested mention of the Arab League Collective Security Pact in the Suez agreement on the ground that it gave status to a pact aimed at Israel.

SECRET

SECRET

Other Israeli officials have been making similar representations to Russell in Tel Aviv and predicting that Israeli relations with the United States, as well as with the Arab states, would worsen if American policy is not changed. There has been talk of seeking new friends--of getting arms from Czechoslovakia, of granting Britain a base at Haifa, of closer relations with Turkey, France or India, and even of seeking Soviet support. The Israeli press had denounced the United States and appealed to world Jewry for help.

Israel has refused the United States permission to make preliminary studies for the Jordan River valley development plan. At the same time, it continues to convert isolated border shootings into major engagements. It persists in discrediting the UN truce supervision organization. General Burns of Canada, the new chief of the organization, was "considerably irked" by Israeli officials after he had been on the job only two days.

The real danger in this campaign is that it may get out of control. Russell has often noted a "sharp cleavage" between the moderates, led by Prime Minister Sharett, who favor diplomatic measures to convince the United States of the vulnerability of Israel, and the extremists, led by Minister of Defense Lavon and army Chief of Staff Dayan, whose present attitude encourages talk of a "preventive war" against the Arabs.

The fact that Sharett professed ignorance of the army's latest serious raid on the Jordanian village at Beit Liqya indicates either his connivance with, or inability to prevent, the "activists from carrying out their provocative policies."

These policies have so heightened tension on the Israeli-Jordanian border in the past two months that the American army attaché in Tel Aviv believes the situation may be beyond the control of the UN truce organization. In fact, Eban told Russell on 29 August that, without a change in American policy, "Israel would become increasingly uneasy and active and eventually strike out against its enemy-neighbors."

SECRET

SECRETSPECIAL ARTICLE

PROBABLE SOVIET TACTICS IN THE NINTH UN GENERAL ASSEMBLY

With the agreements of the Geneva conference and wider Soviet participation in UN agencies as a backdrop, the Soviet delegation has found a favorable atmosphere in the newly opened General Assembly for developing its tactics aimed at dividing the non-Communist powers, isolating the United States, and stimulating neutralist sentiment. Moscow has already pressed for UN membership and great-power status for Communist China. It can be expected soon to call for disarmament, including a ban on nuclear weapons, and for the dissolution of Western military alignments and expanded trade between Orbit and non-Orbit countries.

In regard to disarmament, the USSR will probably favor further negotiations but will adhere basically to the position it took at the UN disarmament subcommittee talks in London during May and June. At that time, the Soviet delegate held steadfastly to the demand for an immediate and unconditional prohibition of nuclear and other weapons of mass destruction--the prohibition to take place prior to any agreement on a program of disarmament with adequate safeguards.

The official "Statement by the Soviet Government on the Geneva Conference" in July hinted that the USSR might make new proposals on disarmament along with other world issues. So far, Soviet efforts have centered on France, apparently in the belief that the French are sufficiently aroused to modify their position on general disarmament as a means of precluding the rearmament of Germany.

The Soviet ambassador in Paris told Premier Mendes-France on 26 August that the Soviet government now felt that there was a large measure of agreement between the views of the USSR and the proposals presented in June by Jules Moch, the French delegate to the London talks. A 28 August Pravda article by "Observer," reaffirmed on 20 September, also implied that the Kremlin would be willing to discuss further the proposals made by Britain and France on 11 June at the London talks. The important provision of this proposal was for a pledge at the outset not to use nuclear weapons "except in defense against aggression." Moscow might now agree to this part of the proposal if it were combined with acceptance by the West of Moscow's view of "aggression."

24 Sept 54

CURRENT INTELLIGENCE WEEKLY

Page 16

SECRET

SECRET

There is also a possibility that the USSR might accept a variant of the Indian proposal made last spring, which called for a moratorium on nuclear tests until further progress was made on the disarmament question. The USSR supported this proposal which would have precluded further tests by the United States in UN trusteeship areas. Soviet representatives carefully avoided supporting a general moratorium on nuclear tests, however, and it is improbable that they would so circumscribe their own activities in the nuclear field by supporting it at this session.

Moscow might call also for a "world conference" of all states to consider disarmament. Such a proposal, made at the UN by the USSR in November 1951 and reiterated by Molotov at the Berlin conference, would serve now as an effective springboard for Communist propaganda.

While Moscow probably did not believe that its move to seat Communist China would succeed, the USSR nevertheless will continue to exploit this divisive issue among the non-Communist powers, especially Britain, France and the United States. In future UN discussions, the Soviet Union may be able to exploit growing sentiment among UN members that the question of Chinese representation must be reassessed. Moscow may succeed by the end of this session in forging a bloc of votes on behalf of Communist Chinese membership. Such a grouping might eventually be joined by Great Britain and a number of states which have abstained in the past.

In regard to membership for other nations, UN observers have believed for some time that the USSR--for propaganda purposes--ultimately would favor universal membership. A 20 September Pravda article stated, "International public opinion expects that the Ninth General Assembly will finally open the way to UN membership for all countries which have applied, without discrimination."

On colonial questions, Moscow's position probably will be partly motivated by its relationship with the colonial power involved. In the case of Tunisia and Morocco, it is unlikely that the USSR will press its support for the North Africans to the point of alienating the present French government. Moscow is likely to give outright support, on the other hand, to Indonesia's claim to Dutch West New Guinea. In regard to Cyprus, the USSR will probably be influenced by the fact that the island is to become the headquarters for British ground and air forces in the Middle East, and vote against Britain and Turkey and for union of Greece and Cyprus.

SECRET

~~SECRET~~~~CONFIDENTIAL~~

The Soviet bloc can be expected to propagandize its position on other important international issues, such as Germany, Austria, European and Asian security and Korea. The USSR has repeatedly asserted that it regards such issues as falling outside the jurisdiction of the UN and will not expect them to be resolved there. The Soviet delegation will repeat its charges that the West is plotting to revive German militarism and will call for negotiations to implement its European security plan as a cure for European problems. It will advocate the unification of Korea through further negotiations.

In attacks on Western military alignments as threats to the peace, the Manila pact will be pictured as an extension of Washington's "policy of strength" and a new incursion of Western colonialism among nations that should achieve security among themselves. During the discussion of economic problems the USSR will take the position that it has played a leading role in removing trade barriers and promoting economic and technical aid for underdeveloped countries.

In sum, the USSR probably regards the Ninth General Assembly as an opportunity to garner additional support for Chinese representation and disarmament, which are specific UN problems. On other issues, the USSR will use the UN discussions as a forum commanding international attention where, with a maximum of publicity, it can popularize and perhaps strengthen Communist policies. Soviet tactics will aim particularly at keeping alive the claim that outstanding international issues can be solved through negotiations, and at isolating the United States as the only opponent to this formula.

~~SECRET~~~~CONFIDENTIAL~~